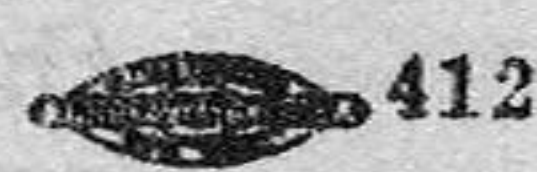


In fact

For The Millions Who Want a Free Press

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George Seldes, Editor

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If Your Name Is Addressed in
Red See Page 3

Re-entered as second class matter March 12, 1941, at the post office at New York, N. Y., under the act of March 3, 1879.

Treason or Lie

THE same newspaper which just before Pearl Harbor obtained a secret military document in Washington and published it—Hitler mentioned its contents as one of the reasons for war with the U.S.—has again committed an act which high Washington officials consider treason. In its story of the Midway battle the Chicago Tribune disclosed to the Japanese that the U.S. Navy has for some time been in possession of the Japanese secret naval code. By keeping this secret, decoding the Japanese messages, the U.S. Navy was able to intercept and defeat the Japanese fleet. By disclosing the fact the USN has the code, the Chicago Tribune did the Japanese a service. A service to the enemy in wartime is treason, which Col McCormick knows is punishable by death.

The only hitch in the Tribune story is that it may not be true. In which case it is just another Tribune falsehood—one of thousands with which the Chicago Tribune for many years has fooled the 1,005,000 who now buy it.

According to Walter Winchell the reason McCormick has not been arrested for treason is intervention by "his deadliest enemy in Chicago, Publisher Frank Knox" of Chi D News and Sec'y of Navy (Newark Star-Ledger, July 7).

In his famous speech to American Newspaper Publishers Ass'n at last convention Director MacLeish of OFF declared some publishers have committed treason, mentioned Chi Trib and NYD News publication of War Dep't document in next paragraph. IN FACT (Apr 27) said most papers including NYTimes suppressed MacLeish's treason charges. Prof Sumner of Scripps Institution of Oceanography sent us NYT clipping including treason charge. Investigation reveals that first edition did contain charge, which was later suppressed, thus making it an even worse instance of NY Times news suppression.

Action Demanded

WE have received following among scores of congratulatory messages on our exposé of Nazi-American cartel plot:

"Congratulations July 13th issue. Intend making it basis major campaign, ask permission reprint giving credit. Washington Commonwealth Federation's New Dealer asking (Representatives) Magnuson (and) Coffee insert in Congressional Record and demand Congressional investigation. Every patriotic American should join you in all-out campaign to expose, jail Fifth Columnists." (Signed) Terry Pettus (Editor, Washington New Dealer).

This story illustrates IN FACT's pur-

Collier's Last-Minute Attack on the Second Front

By Sergei N. Kournakoff

p. 1

Cartels, Enemy of U S, Defined by Thurman Arnold p. 3

Collier's magazine of July 18, by rushing into print (via wireless) a London article by Quentin Reynolds, "Second Thoughts on a Second Front" achieved a double-barreled record. It presented the most defeatist article of the year; and presented it at the exact time when it could do the maximum damage to the United Nations' cause.

Reynolds' arguments against opening a second front in Europe at once are not new, most of them, although he adds one or two howlers of his own. The importance of the piece lies in its timing, and in the fact that Collier's reaches several million readers. IN FACT has therefore asked a military authority, Sergei N. Kournakoff, author of "Russia's Fighting Forces" (Duell, Sloan & Pearce) to examine Reynolds' article and answer it point by point.

Mr. Kournakoff was a cavalry captain in the Russian Imperial Army and at one time served as officer in charge of operations of a cavalry division. After the Bolshevik revolution he fought against the Red Army for nearly 3 years, from the Donetz Basin, where the critical struggle is now going on, to Central Asia, near the Afghan border. The Red Army won, and he later made it his business "to understand why this had happened. I studied the Red Army, following its battles, reading its books, its newspapers, and learning about its development, I might say, day by day for almost twenty years." He contributes regular military reviews to Soviet Russia Today and from time to time to other publications.—Ed. note.

By SERGEI N. KOURNAKOFF

MR. REYNOLDS opens his piece with a comparison from the prize ring. Britain is Billy Conn, Germany is Joe Louis. It's the thirteenth round of their championship bout. Conn is boxing Louis to death—he "has only to take it easy, keep on his feet" and the crown is his. But Conn starts slugging, trading punches—and within a few minutes Conn is on the floor, "helpless, completely beaten." Reynolds continues:

"He has failed because he lacked the equipment to blitzkrieg Champion Joe. He had failed because for a brief moment he had tried to play Joe's game—and disaster was the inevitable result.

"Today, Britain is in the position that Billy Conn was in at the beginning of the thirteenth round. The R A F is slapping Germany silly. She is doing it by quick, daring thrusts by her airmen and her Commandos; working in cooperation with the navy. And today, eighty per cent of the people here on Churchill's Island and a great part of Russia and America are screaming to Britain: 'Stop boxing him! Go on in and slug him!'"

The comparison is ludicrously inaccurate, but Mr Reynolds insists on it, even to the extent of winding up his piece with it. Joe Louis was fighting only one opponent, Billy Conn. The German Army has 90 per cent of its forces, reserves and resources committed to a life and death struggle with another, stronger antagonist—the Red Army. Reynolds' analogy would be more accurate if Joe Louis in that thirteenth round had had his back to Billy Conn while fighting a third man in the ring, and had been able to poke only one finger of his ten at Conn. And then Conn's "blitzkrieg" would have had a vastly better chance to succeed. He would, in fact, have been opening a second front.

"The RAF is slapping Germany silly," Mr Reynolds says. But facts are stubborn things; and the facts are that while the Luftwaffe was able to stage 1,000-plane raids day after day for 27 days at Sevastopol, the British raids on Luebeck, Cologne, Emden, etc., met relatively weak resistance. Two conclusions are indicated: the Luftwaffe is fully tied down on the Eastern Front, in Hitler's attempt at a knockout; and/or the German High Command does not consider the RAF raids a serious enough menace to bother with them. Facts are stubborn things, and recent military history, made at Madrid, London, Leningrad and

Moscow, shows that you don't slap a first class armed power silly from the air alone.

Mr Reynolds tries to turn that military history into so much "talk" when he says:

"The thousands who are mounting soapboxes and platforms in Britain, the hundreds who pen cutting editorials asking why the government does not start an immediate second front, the impatient Russians here in London and in Moscow, quite understandably crying for vengeance against those who have killed some two million of their countrymen, the British civilian start-second-front-at-any-price brigade—forget that though the walls of Jericho crumbled at the blast of a trumpet, there is no reason to believe that the defensive walls of German Europe will fall at the blast of anything except superior guns, airplanes and tanks."

Have the Britons now under arms and trained—2,000,000 to 2,500,000 of them, by all accounts—no more striking power than a trumpet blast? Are the United States forces, with their tanks, planes and guns, who have already landed in Great Britain and are on the way, able to do no more than blow hot air? Is the fact that eighty per cent (by Mr Reynolds' own estimate) of the British people are not merely ready for a Second Front but are clamoring for it, of no importance—when civilian morale has demonstrated its supreme value over and over again? No more derogatory estimate of the United Nations' strength in the West has appeared than Mr Reynolds'. He makes an elaborate apology for Mr Churchill—which is scarcely needed—in order to establish the Prime Minister's willingness to "take chances." Then Mr Reynolds with remarkable inconsistency proceeds to emphasize (with Collier's editors' help in the shape of an infantile drawing) that the Second Front should not be opened now because it "is still a gamble." But the element of risk is ever-present in war; the only way to avoid risk is simply to "reach for the ceiling."

"Those who want a second front now," Mr Reynolds writes, "point to the dramatic sorties made by the Commandos as proof that the defenses across the Channel are far from invulnerable. They point to the effectiveness of the storming of Saint-Nazaire, which suffered heavily at the hands of the Commandos. This is true, but the Germans have not neglected their defenses and to date only raids of the Saint-Nazaire type have been able to penetrate them."

In this, as in the Billy Conn-Joe Louis analogy, Reynolds overlooks the actual point of his own argument. *No other raids have been made than Commando raids*, and if Commando raids of the Saint-Nazaire type have penetrated the defenses, why would not a full-fledged invasion penetrate them too?

Why Hitler Didn't Invade Britain in 1940

Mr Reynolds approaches the real heart of the whole argument about invasion when he discusses the situation in 1940, when Hitler overran Western Europe and yet failed to invade England. He writes:

"Of course, had the Germans then tried to invade, they would have been successful. In July, 1940, Britain was suffering acutely from lack of equipment. Had the German army, under the impetus of its own momentum, rolled across the Channel then, Hitler today would probably be eating his carrots and squash in the hotel in the Strand where I'm writing this article.

"But Hitler, who never flinches at German casualties, hesitated at the difficulties involved. He would have given a million men to take Britain. He thought that the operation would involve even greater losses. He made the mistake of overrating the British strength. Today the British are not overrating his strength, but they have accurately gauged it."

Thus in one paragraph, Mr Reynolds states: that the British were without equipment (having lost it all at Dunquerque to Hitler); but *that Hitler didn't know this*; therefore he overrated their strength; therefore he didn't dare attack. Is it seriously necessary at this late date to point out to a war correspondent of Mr Reynolds' reputation that the main reason Hitler did not invade Great Britain in 1940 was *because he had the Red Army at his back and was afraid of a second front?*

Recall the sequence of events. Every move that Hitler made from September 1, 1939 had been countered with an anti-Hitler move by Russia. The German army moved into Poland; the Red Army moved to meet the Germans, held them half way. In the late Fall the Soviet Union acquired rights to garrison the Baltic countries, then won from Finland security for Leningrad and a naval base on the Gulf of Finland—all moves directed against Hitler. When Hitler attacked in the West the Soviet Union quickly concluded its preparations on the Baltic and in Bessarabia, extending its anti-Hitler, second-front boundaries hundreds of miles nearer to Germany. France fell in June, 1940; on June 15 Lithuania joined the Soviet Union; on June 16 Latvia was in; Esthonia and Bessarabia followed before the month was out. That was the time for Hitler to invade Britain, which "was suffering acutely from lack of equipment"; and

pose: to let the facts speak for themselves. We furnish the facts. We believe that citizens, patriots, Congressmen, newspapers should use these facts, as Washington New Dealer is doing.

Dies and Spies

THE FBI is rounding up German Bundists suspected of treason. Every arrest of a Bundist served not only to indict the Dies Committee for failure to act against America's enemies, but also to sharpen the accusation that Martin Dies fraternized with the fuehrer of the Bund, accepted "evidence" from German Bundists which he used for four years in his witch-hunt of liberals and labor men.

This is not the worst about the Dies Committee. According to information from the FBI, the Dies Committee dumped on J Edgar Hoover's desk the names of thousands of persons for investigation. At a time Hoover had less than 1,000 men, he had to do 5,000 investigations. Many of the persons Dies wanted investigated had signed a letter against Fascism in Spain. Every person who fought Hitler, Mussolini and Franco between 1936 and Pearl Harbor was listed by Dies as subversive. The FBI was so cluttered with investigations—which it cannot refuse to a Congressional committee—it could not do all the work against the real traitors, the friends of Martin Dies, the Bundists.

The FBI July 10, 1942 arrested Wm Ottersbach, Seattle Bund leader, one of many who boasted immunity from the Dies investigation. On Oct 5, 1939 Terry Pettus, editor Washington New Dealer, exposed Ottersbach. Dies did not act. The Nation (July 11 1942) reported Dies saying maybe the Dies Committee had better go to work on the Germans.

Martin Dies has apologized for smearing David B Vaughan of the Board of Economic Welfare. Vaughan had sued Dies for \$75,000 for libel and slander. The reason Dies apologized in this instance and not in hundreds of other cases where he libeled and slandered liberals, labor leaders and New Dealers is because Dies committed this slander in a letter which he gave to the press. All Dies' other libels and slanders were made by him in Congressional reports. These are immune from libel suits.

Louisiana House of Representatives has requested the FBI to investigate Martin Dies and Christian-American Ass'n, native Fascist organization which flooded Congress with requests it continue supplying money to Dies.

Nazi Document

EVERY time the Dies Comm did a phony investigation of Nazi activities it was done to give the impression of impartiality. Nazis and Fascists were neither exposed nor baited. Fritz Kuhn, Pelley, Christians, boasted of their triumphs before Dies Comm.

Hidden in the Dies hearings, however, are a few factual items of importance regarding the Nazis. One document is related to the cartel plot. It is called "The Organization of German Industry in America After the War." It shows the Nazis planning to coordinate Nazi-American industry, already linked in cartels, after the war. A board of American and German directors is proposed, with headquarters in Berlin.

Named in this document as chairman of the board is John A. Zellers, vice-president of Remington Rand, just elected president Advertising Club of NY. Remington-Rand is the author of the Mohawk Valley Formula, a native Fascist strikebreaking scheme used by big business corporations, in which the American newspapers and advertising do their part to break strikes and smash the forward march of labor.

Sue S O for \$100,000,000

ELEVEN stockholders of Standard Oil of NJ have filed damage suits in NY Supreme Court charging that losses of \$100,000,000 resulted from the cartel agreement with IG Farben, a Hitler-controlled monopoly. Suit charges that cartel helped Hitler develop synthetic rubber while sabotaging rubber program in USA; it repeats evidence from Truman committee upon which Standard Oil agreed to dissolve the rubber cartel and pay \$50,000 fine. The stockholders also demand restitution by defendants of this \$50,000. Among 36 defendants named are Teagle and Farish. Papers filed call the rubber cartel of SO and IG Farben "a conspiracy for the purpose of creating a world monopoly of essentials in the chemical and oil fields" which injured the US and aided Nazis.

New Anti-Labor Drive

AN anti-labor press campaign comparable to the notorious "40-hour week" falsehood of several months ago is in full swing, with the steel workers who have just been awarded a 44-cent daily raise as its target. Main argument of the anti-labor press is that any wage raises are "inflationary." The 157,000 workers in the "little steel companies" asked for \$1 a day raise, since their real wages were cut 13.3 per cent in the last year, due to rising prices. On the inflation argument, the press carefully keeps out of sight this fact:

The minority of four labor members of the War Labor Board—George Meany and Robert Watt of the AFL and RJ Thomas and Thomas Kennedy of the CIO—proposed that, in order to avoid any possibility of inflationary results, the \$1 increase be paid in war bonds or that 56 cents be paid in bonds and 44 cents in cash. Both proposals were voted down.

Other facts: The steel industry made such huge profits in 1941 it was able to pay \$28,879,111 more in dividends than in 1940. WLB fact-finding panel stated unanimously that the corporations could easily pay the raise.

With the new excess profit tax likely to be 90 per cent, it would have cost the steel corporation only 10 cents a day additional per man to pay the \$1 raise;

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that was precisely the time Hitler recognized that he couldn't invade, because of the danger from the East—the danger of a second front. Yet Mr Reynolds raises anew, with a total disregard of the most momentous facts of recent history, the threadbare argument that because Hitler didn't invade Britain in 1940, Britain can't invade the continent in 1942.

Mr Reynolds says air experts estimate Britain would have to lose from 1,200 to 1,500 aircraft a month if it were to give adequate protection to its invading army. The first answer is—So what? That many planes have been lost for months on end on the Eastern Front. But if Mr Reynolds means that the supply is inadequate, has he forgotten President Roosevelt's report that in May the aviation industry in the United States alone was producing over 4,000 planes a month, and that this figure has unquestionably grown since?

The main trend of Mr Reynolds article is to persuade the public that the RAF has already opened "a second front."

"It is thrilling to spend a night in Kent this summer, and be awakened a dozen times during the night by the beating of the wings of the RAF bombers going to the new second front they have established in the air. To date, casualties on these enormous bombing raids—the greatest the world has ever seen—are about five per cent better than the Commando loss."

It is necessary to point out, without detracting from the value of the RAF raids, that they are not "the greatest the world has ever seen." Sevastopol's 25 square miles of territory got as much in weight of bombs for 27 days as tens of thousands of square miles of German territory have been getting, once in three weeks, weather permitting. And it is because the Allies have limited themselves to this ersatz "second front" of the air that Hitler has been able to concentrate almost his entire attention on the Eastern Front.

Mr Reynolds concludes:

"Let those who shout loudest for the immediate establishment of a second front in France go back and read the accounts of the Conn-Louis fight. Let them visualize for a moment the cost, in equipment and life, of an immediate invasion. Let them visualize the waters of the Channel running blood red under a white moon, and let them visualize the bodies of thousands of British and American soldiers floating in those waters. If the persuasive eloquence of the Second-front brigade is followed, no other result is possible. Let them give a second thought to the second front."

The Don flows red right now, with thousands of bodies, German and Russian, floating in it. Should the Red Army be pushed back of the Volga and forced to adopt a passive defense for a year or so, the Channel will run red too, but the red will run in another direction. And if that happens, such defeatist arguments as Mr Reynolds has hurled across the ether will have contributed to the result.

Mr Reynolds is a good newspaperman. He has a feeling for things and people. His heart is in the right place. But he has been taken in, or rather has permitted himself to be used as a ventriloquist's dummy for those forces that would rather risk a Fascist world victory than give up an opportunity of weakening the Soviet Union. Reynolds' article has done a distinct disservice to our common cause.

ARNOLD DEFINES CARTEL SYSTEM, ENEMY OF U. S.

THE CARTEL SYSTEM, perfected by Hitler, which is the ultimate phase of Big Business as a world monopoly, owning not only the raw materials of the world and the plants for manufacturing them, but also the governments of nations through Fascist parties, was part of the Fifth Column plan of Nazi and American political and business leaders exposed in IN FACT July 13.

The danger to world democracy from Fascist-sponsored cartel system has been recognized by Vice President Wallace, the American Newspaper Guild (CIO) and the entire liberal-labor movement in America, Britain and elsewhere.

The cartel system is the enemy of free enterprise, "the American way," rugged individualism, etc, etc, all of which are called true Americanism in the propaganda of the National Association of Manufacturers (NAM). Nevertheless it is a fact that while the NAM spends millions on this propaganda and has about 98% of the American press spreading it free, the same heads of the NAM are also the men of the international cartels, who work with Hitler and Fascism, and who plan a world of complete monopoly, with no free enterprise, no rugged individualism, no "American way."

Herewith is the testimony given by Thurman Arnold before the Senate Committee Investigating National Defense. His explanation of the cartel system is important, whether or not one agrees with his political deductions.

Sen Burton (Rep, Ohio): It would be helpful to me if you would define "cartel" as you understand a cartel.

Thurman Arnold: A cartel is a combination of a number of companies and individuals to keep business within that particular little ring, and to eliminate all competition which isn't dominated or controlled by them. The cartel system is an economic disease which attacks communities when people think they have got a mature economy and they want to make themselves secure and don't want to be bothered by fighting a lot of other people who are producing what they

call "distress" production, or ruinous competition. They want to keep the prices just as high as the market will bear. The net result of the operations of that vast system, of course, is to restrict production.

Sen Burton: In the totalitarian state, what takes place in relationship to the cartel?

Arnold: The totalitarian state grows out of the cartel. . . . The German cartels are always full of statements that they are for competition—but it must be reasonable competition. In that way unreasonable competition is eliminated, prices are maintained and finally . . . agricultural products were so scarce that there wasn't enough to eat in Germany, and yet they sold for ruinously low prices, and the cartel agreements kept industrial prices up and the Germans were saying, "the only thing we can do is get an export market." They were trying to dump goods abroad, the same thing we were doing. Hitler came in and reversed the tendency, and here you find everybody dumping stuff—information and everything else—into Germany. That is not real efficiency. . . . It isn't the efficiency of a democracy and it leads only to one thing, and that is war. . . .

And I want to point out that the war itself is going in the direction of the Sherman (Anti-Trust) Act; that is, the war itself, if we don't permit these controls to continue, is going to break up the monopoly positions of all these companies. Copper is no longer a monopoly, with aluminum in everybody's back yard, and new processes being developed with alloyed steel and these light metals, and plastic cars. The great problem of the future is simply to prevent these companies from controlling this production, from having the power to shut it down. . . .

Burton: As we approach this cartel problem, it is vital that we do not adopt the totalitarian system ourselves, thinking that is the only way it can be controlled.

Arnold: Germany, of course, got tremendous efficiency through a revolution in which the gov't took over everything. Now I don't think we have got time to have such a revolution. . . . I think that we have got to win this war with the capitalistic system, and, further than that, I think we had better start believing in the capitalistic system. . . .

Sen Bone (Dem, Wash): Can a system of business enterprise under our capitalist system be called a system of free enterprise, when it is dominated by huge monopolies?

Arnold: When, of course, it becomes 9,000,000 unemployed and high prices, and low turnover for manufactured goods, I don't call that free enterprise. I call that a cartel system. . . .

Hugh A Fulton (Committee Counsel): I want to know if you agreed that it wasn't that the Germans had greater finances or greater technical skill that these cartels grew, but simply that they were talking about coming over here and producing at cost plus a small profit.

Arnold: That is right.

Fulton: And that if they did it would destroy the type of market structure that has been built up here, or cost plus a very large profit on a small production?

Arnold: That, I think, is completely true after Hitler. Before Hitler both sides were anxious to do the same things, restrict production at home and keep prices up. And when Hitler just took over the German system then he began to use it and play upon the shortsightedness of cartel leaders.

Fulton: With the strength of Hitler in that particular, would it not be true that as a result of these cartels certain portions of the world were left free to German enterprise?

Arnold: That is exactly true. Indeed, I attribute practically all the German influence, domination, and balances in South America to the fact that they had the drug business down there. We were shipping drugs to fill German orders after the war in South America, building up more balances for them, pursuant to that cartel agreement.

now they'll only pay 4.4 cents a day more.

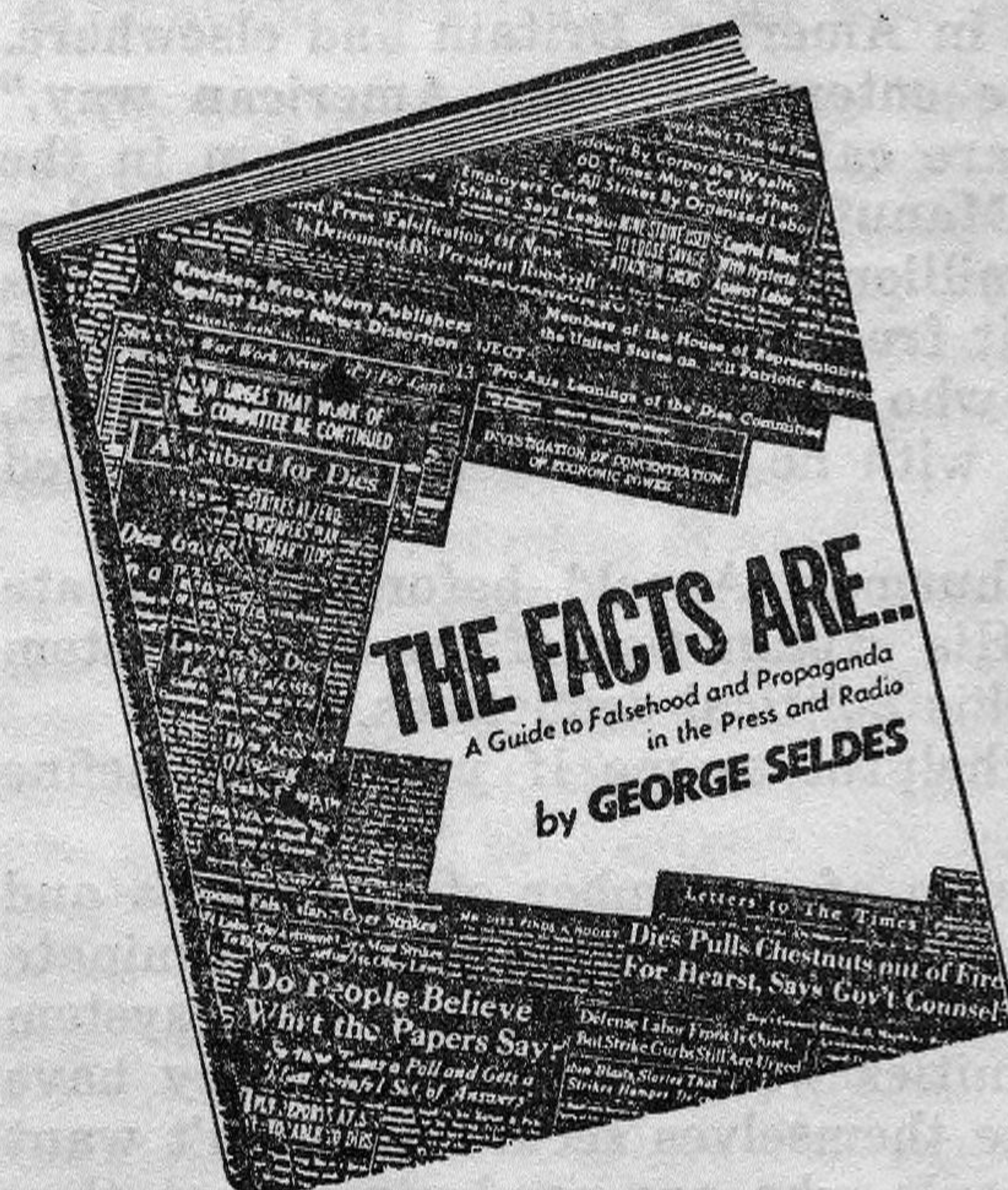
The "inflation" scare is raised by newspaper editors, commentators, etc., who make much more than the \$25,000 a year recommended by Roosevelt as a war-time top. They were unanimously against the \$25,000 ceiling on salaries for themselves. Mr. Sulzberger of the NYTimes, for instance, is probably worth \$50,000,000; his chief editorial employees, opponents of a dollar a day more for steel workers, get \$25,000 a year and more; the Times itself grosses \$25,000,000 to \$29,000,000 a year.

The Times is leading the anti-labor campaign, giving as much as 3½ columns of its editorial page to phony arguments against any raises.

The signal for the campaign against any wage raises was given by Fulton Lewis jr, even before the WLB fact-finding panel announced its findings that the steel workers were entitled to raise. Lewis is in the pay of the National Industrial Information Committee, million-dollar propaganda bureau of the National Association of Manufacturers. (IN FACT, May 11 and July 6.) Lewis is the 1942 George Sokolsky, who was exposed by the LaFollette Committee.

FCC Probes Wire Service

COMMENTING on the crisis in the communications industry (IN FACT, July 20) Joseph P Selly, president American Communications Association informs us that company lobbyists are increasing their pressure to rush through a merger of Postal and Western Union. Hearings on S 2598, the business-as-usual merger bill, were set by the House Committee on Interstate and Foreign Commerce for July 21. "On July 8, at our request," Mr Selly writes, "the FCC ordered a thoroughgoing investigation of telegraph service 'in the interest of the successful prosecution of the war.' This order is strong confirmation of ACA's contention that the telegraph industry needs a war production program immediately. Now that the FCC investigation has actually begun, it would make no sense for Congress to press the telegraph merger proposals." Selly suggests that readers of IN FACT can help defeat the merger scheme—which the union has presented a mass of evidence to prove would hamper the war effort in this vital industry—by urging their congressmen to oppose S 2598.



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